

DIVISION OF TRADING & MARKETS



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**FORM X-17A-5** 

PART III

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR T	FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018			
		MM/DD/YY		MM/DD/YY
	A. REGIST	RANT IDENTIFI	CATION	
NAME OF BROKER-DEALER: Livermore Trading Group, Inc.				OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)			Box No.)	FIRM I.D. NO.
	40 Wall Street, Suite 1	704		
		(No. and Street)		
	New York	NY	10	0005
	(City)	(State)	(Zip	Code)
NAME AND TE	LEPHONE NUMBER OF PERSON	N TO CONTACT IN		PRT 12)-668-8700
			(A	area Code – Telephone Number)
	B. ACCOUN	TANT IDENTIFI	ICATION	
INDEPENDENT	PUBLIC ACCOUNTANT whose	opinion is contained i	in this Report*	
	Lerner & Sipkin, CPAs,	LLP		
	(Name	– if individual, state last,	first, middle name)	
	132 Nassau St, Ste 1023	New York	NY	10038 🐛
(Address)		(City)	(State)	(Zip Code)
CHECK ONE:				
<b>√</b> Ce	rtified Public Accountant			
	blic Accountant			
Ac	countant not resident in United Sta	ites or any of its poss	essions.	
	FOR	OFFICIAL USE O	NLY	

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

RINS

# OATH OR AFFIRMATION

I, Vince	ent Napolitano	, swear (or affirm) that, to the best of
	owledge and belief the accompanying financial staten ore Trading Group, Inc.	nent and supporting schedules pertaining to the firm of
of Dec	ember 31 , 20	, are true and correct. I further swear (or affirm) that
		officer or director has any proprietary interest in any account
		LA MA
Mo	MARGERY NELL M Notary Public, State o No. 01MU6247 Qualified in Kings () Notary Public Commission Expires Au	F New York 1 title 130 County
(a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l)	Computation for Determination of the Reserve Req A Reconciliation between the audited and unaudited consolidation.  An Oath or Affirmation.	Claims of Creditors.  ments Pursuant to Rule 15c3-3.  dequirements Under Rule 15c3-3.  of the Computation of Net Capital Under Rule 15c3-1 and the
	A copy of the SIPC Supplemental Report.  A report describing any material inadequacies found	to exist or found to have existed since the date of the previous audit.

<sup>\*\*</sup>For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Statement of Financial Condition

For the Year Ended December 31, 2018

# FOR THE YEAR ENDED DECEMBER 31, 2018

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Jay Lerner, C.P.A. jlerner@lernersipkin.com Joseph G. Sipkin, C.P.A. jsipkin@iernersipkin.com

#### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of Livermore Trading Group Inc. c/o Accounting and Compliance International 40 Wall Street - 17th Floor New York, NY 10005

## **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Livermore Trading Group Inc. as of December 31, 2018, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Livermore Trading Group Inc. as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

The financial statement is the responsibility of Livermore Trading Group Inc.'s management. Our responsibility is to express an opinion on Livermore Trading Group Inc.'s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Livermore Trading Group Inc.in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

flement Sight: Gli LLP Lerner & Sipkin CPAs, LLP

Certified Public Accountants (NY)

We have served as Livermore Trading Group Inc.'s auditor since 2007.

New York, NY February 4, 2019

# STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2018

ASSETS	
Cash and cash equivalents	\$ 74,194
Due from broker	425,309
Commissions receivable	21,514
Other assets	64,816
Total assets	\$ 585,833
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 43,726</u>
Total liabilities	43,726
Commitments and Contingencies (Note 4)	
Stockholders' equity (Note 5)	
Common stock, no par value, 200 shares	
authorized, 20 shares issued and outstanding.	65,000
Paid in Capital	150,000
Retained earnings	452,107
Less: Treasury stock	(125,000)
Total stockholders' equity	542,107
Total liabilities and stockholders' equity	\$ 585,833

The accompanying notes are an integral part of this statement

# NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018

#### Note 1 - Nature of Business

Livermore Trading Group, Inc. (The "Company") is a New York corporation formed in July 1992, for the purpose of conducting business on the floor of the New York Stock Exchange ("NYSE"). The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC").

The Company operates under the provisions of Paragraph (k)(2) (ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

#### Note 2 - Summary of Significant Accounting Policies

#### a) Revenue Recognition

The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

#### b) Income Taxes

The Company has elected to be treated as an "S" Corporation under the provisions of the Internal Revenue Code and New York State tax regulations. Under the provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead the stockholder is liable for individual income taxes on his respective share of the Company's taxable income. The Company continues to pay New York City general corporation taxes.

#### c) Cash and Cash Equivalents

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank account which, at times may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

## NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018

#### Note 2 - Summary of Significant Accounting Policies (continued)

## d) Equipment

Equipment is carried at cost and is depreciated over a useful life of 5-7 years using accelerated methods.

#### e) Use of Estimates

Management uses estimates and assumptions in preparing this financial statement. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

### f) Subsequent Events

The Company has evaluated events and transactions that occurred between January 1, 2019 and February 4, 2019, which is the date the financial statement was available to be issued for possible disclosure and recognition in the financial statement.

#### Note 3 - Profit Sharing Plan

The Company is a sponsor of a defined contribution profit sharing plan for its eligible Contributions to the plan, if any, are determined by the employer and come out of its current accumulated profits. The employer's contribution for any fiscal year shall not exceed the maximum allowable as a deduction to the employer under the provisions of the IRS Code Section 404, as amended, or replaced from time to time.

The Company has no liability to the plan as of December 31, 2018.

## Note 4 - Financial Statement with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

# NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018

#### Note 4 - Financial Statement with Off-Balance Sheet Credit Risk (continued)

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

## Note 5 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2018, the Company had Net Capital of \$460,182 which was \$455,182 in excess of its required net capital of \$5,000. The Company's net capital ratio was 9.50%.